

Comments of Powerex Corp.
EDAM Congestion Revenue Allocation Stakeholder Process
May 1, 2026

Powerex appreciates the opportunity to submit comments on the California ISO's April 17, 2026 workshop on EDAM Congestion Revenue Allocation. This stakeholder process represents a defining decision point for EDAM. The choices made in this initiative will determine whether firm transmission customers and retail ratepayers of EDAM Entities will be exposed to congestion charges for parallel flows on other EDAM Entity transmission systems, with financial consequences for EDAM Entities, their customers, and the California ISO that will be felt for years to come. As described below, the value at stake is large, likely to grow, and will have very different implications for individual EDAM Entities and for the California ISO.

Powerex acknowledges and appreciates the substantial work the California ISO has undertaken to conduct and share the analyses presented in the current stakeholder process. The transparency reflected in the California ISO's recent Stage 2 analysis is an important step toward improving stakeholders' shared understanding of the issues at stake. In particular, its quantification of parallel flow impacts and acknowledgment of their highly asymmetric effects on PacifiCorp and the California ISO provide valuable clarity.

The path to the current stakeholder process has not been straightforward, as these issues have been controversial and contested both at FERC and more broadly. The complexity to date underscores how critical it is that the California ISO clarifies its intended direction going forward.

Background

Protection for OATT rights was a broadly expected feature of the EDAM design finalized in late 2022. Tariff language developed by the California ISO prior to filing at FERC deviated from this design, however, leading to significant concerns affecting a wide and diverse range of stakeholders across the West. The history below underscores both points:

- **December 2022:** EDAM Final Proposal is approved by the California ISO Board of Governors and the Western Energy Market Governing Body, expressly calling for deliveries using firm OATT transmission rights on EDAM Entities' systems to be protected from EDAM congestion charges.¹

¹See, e.g., EDAM Final Proposal at 16 ("This pairing of existing transmission rights and a self-schedule ensures through settlements that the participant exercising these rights is not charged for transmission and is held harmless for the congestion component between source and sink."), 34 ("Self-schedules supported by transmission rights may be afforded a hedge against marginal congestion differences between the network locations of their sources (supply) and their sinks (demand), which would mitigate potential exposure to congestion price differences, either positive or negative, between the source and the sink."), and 58 ("Throughout the discussion of the transmission commitment design, the proposal has alluded to the exercise of ETC/TOR functionality to enable the transmission customer to exercise its OATT (or legacy) transmission rights and also obtain the hedge on the congestion.").

- **August 2023:** The California ISO deviates from the approved policy design and files tariff language that allocates EDAM congestion revenue based on the balancing area in which the congested transmission constraints are located.² FERC approves the majority of the EDAM tariff in December 2023.
- **January 2025:** PacifiCorp files OATT amendments to enable EDAM participation, proposing that deliveries using firm PacifiCorp OATT transmission service will receive a refund only for EDAM congestion charges due to constraints located in PacifiCorp’s balancing area, leaving these deliveries fully exposed to EDAM congestion charges due to constraints located in the California ISO’s system.³
- **February 2025:** Powerex publishes a paper highlighting the California ISO’s departure from the approved EDAM policy design, and estimating that the economic impacts could cost transmission customers and retail ratepayers of PacifiCorp, NV Energy and Idaho Power between \$137 million and up to \$1 billion per year under a future scenario with high solar penetration and expanded transmission.⁴ More than 20 entities file protests to PacifiCorp’s OATT amendments at FERC.⁵
- **March 2025:** After initially stating that the claims in Powerex’s paper are “unsupported,” “defy market logic,” and are “its latest attempt to derail [EDAM],” the California ISO appropriately pivots and acknowledges the issue by convening an expedited stakeholder process to address the widespread industry opposition to EDAM congestion charges for parallel flow.⁶
- **June 2025:** The California ISO files tariff amendments for a “transitional” approach that enables PacifiCorp to fully offset EDAM congestion charges for self-schedules associated with eligible firm OATT rights.⁷ FERC approves the filing in August 2025.

The current stakeholder process seeks to develop the long-term policy for EDAM, and the extent to which (if at all) firm transmission customers and retail ratepayers of EDAM Entities will be exposed to congestion charges related to parallel flow in other balancing areas.

Powerex appreciates the California ISO’s acknowledgement in this stakeholder process that exposure to parallel flow congestion costs is a legitimate issue with large potential economic impacts. The California ISO’s recent Stage 2 analysis estimates nearly \$50 million per year of

² California ISO, tariff amendments to implement EDAM and DAME, FERC Docket No. ER23-2686, (August 22, 2023), Tr. Ltr. at 185-186, and proposed Tariff Section 33.11.1.2.

³ PacifiCorp, tariff amendments to participate in EDAM, FERC Docket No. ER25-951 (January 16, 2025), Tr. Ltr. at 18, and proposed Attachment T Section 10.4.1.

⁴ Powerex, “PacifiCorp’s Recent FERC Filing Reveals a Major EDAM Market Design Flaw,” (February 11, 2025). Available at: <https://powerex.com/sites/default/files/2025-02/PacifiCorp%E2%80%99s%20Recent%20FERC%20Filing%20Reveals%20a%20Major%20EDAM%20Market%20Design%20Flaw.pdf>.

⁵ Comments and protests are available [here](#).

⁶ California ISO [Market Notice](#), “New Initiative: Extended Day-Ahead Market (EDAM) Congestion Revenue Allocation” March 11, 2025.

⁷ California ISO, tariff amendments to EDAM congestion revenue allocation, FERC Docket No. ER25-2637 (June 26, 2025), Transmittal Letter, at 5-6, 27 and proposed Tariff Section 33.11.1.2.1.

parallel flow congestion costs associated with PacifiCorp's historical activity in the Western EIM alone.⁸ The analysis also confirms the highly asymmetric nature of these costs: while PacifiCorp's transactions have significant parallel flow congestion cost impacts on the California ISO's system, transactions in the California ISO area have only *de minimis* congestion cost impacts on PacifiCorp's system.⁹

The California ISO's recent 2025-2026 Draft Transmission Plan also interestingly highlights the rapid surge in congestion experienced on Path 15, which is "a critically located transmission path pivotal to north/south transfers inside and outside California."¹⁰ The Draft Transmission Plan explains that "the ISO's 2021-2022 10-year plan forecast 244 hours of congestion on the most limiting circuit in Path 15 for 2030. Five years later, the 2025-2026 plan's studies forecast 3,256 hours of congestion for 2035 for the most limiting circuit in the corridor."¹¹ The California ISO's analysis estimated that the aggregated congestion cost for Path 15 would be more than \$1.8 billion in 2040.¹² This corridor is the very corridor where parallel flows from neighboring transmission systems flow on the California grid.

Taken together, the California ISO's analyses confirm the concerns raised over a year ago by Powerex: that an EDAM market design choice to expose firm OATT transmission rights to congestion charges for parallel flow on other systems will overwhelmingly shift a large and growing amount of economic value away from transmission customers and retail ratepayers of PacifiCorp (and other external EDAM Entities) and transfer this value to the California ISO and its customers.

The large amount of value at stake makes clarity imperative. Stakeholders need to understand whether the California ISO intends to use EDAM to impose such large cost shifts on EDAM Entities and their retail ratepayers, or whether the California ISO will instead uphold the longstanding framework under which a transmission provider may sell firm transmission service up to its approved path rating, with use of that service not bearing any costs for the inevitable parallel flows on other systems.

The Need for a Clear Long-Term Policy Direction

The EDAM provisions approved in August 2025 afford eligible firm OATT rights protection against EDAM congestion charges for parallel flows, but only when used to support self-

⁸ California ISO Stage 2 Analysis, at 2 (finding \$2.47 million per month of congestion rent from historical transfers between PacifiCorp East and West and a further \$1.65 million per month of congestion rent from self-scheduled generation).

⁹ *Id.*, at 7-10. This does not imply that transactions in the California ISO do not create parallel flows on PacifiCorp's system, but rather that PacifiCorp's transmission system is sufficiently robust to accommodate these parallel flows without creating or exacerbating congestion on PacifiCorp transmission facilities. The California ISO grid, in contrast, frequently experiences congestion on its major north-to-south path, and therefore any additional flows—including parallel flows associated with PacifiCorp transactions—exacerbates congestion and requires redispatch of generation.

¹⁰ Draft Transmission Plan, at 124.

¹¹ Draft Transmission Plan, at 7.

¹² Draft Transmission Plan, at 119, Tbl. 4-1.

schedules. There is currently no protection for firm OATT rights that are used in connection with economic offers, and in any event, the California ISO has framed the current limited self-scheduling congestion protection provisions as transitional. The California ISO's June 2025 Final Proposal contemplated, but did not commit to, future-year modifications that would extend protection to economically scheduled transactions, while also planning to entirely revisit how EDAM congestion revenue is allocated under a long-term design. This means that the future policy direction is entirely uncertain.

In the absence of a clear forward-looking policy, Powerex has observed considerable uncertainty in the industry regarding the intended policy goals of this initiative and how that policy will affect EDAM Entities' transmission customers' and retail ratepayers' long-term exposure to congestion charges for parallel flow. A concrete illustration of this uncertainty arose recently in a proceeding before the Public Utilities Commission of Nevada, where NV Energy presented a study of projected economic benefits from EDAM participation prepared by Brattle. At the hearing, Brattle's witness testified that his study "assumes that 100% of congestion inside the NV Energy BA is returned to NV Energy," and explained that he "thought it was appropriate to use the mechanism that the EDAM stakeholders have already committed to implement and have documented their desire to use a mechanism that would return all of the congestion within each BA to that BA, including for economic schedules, not just self-schedules."¹³

If the actual policy that is ultimately adopted does not return all congestion charges collected from transactions in a balancing area back to that same area, EDAM Entities will realize less benefits from joining EDAM than Brattle has projected.

Powerex Recommendations

Powerex believes the highest priority of this stakeholder process should be to finalize the long-term policy direction for allocating EDAM congestion revenue. A critical preliminary step is for the California ISO to immediately confirm that no policy direction has yet been made.

Powerex next recommends that stakeholders focus on defining the extent to which firm OATT transmission service will be protected from incurring EDAM congestion charges on parallel flows. The discussion at the April 17 workshop was organized around particular potential *mechanisms*, each of which implies certain embedded policy elements. Powerex believes it would be more efficient for stakeholders to discuss and develop the underlying policy first, and subsequently develop the specific mechanisms to implement that policy.

A defined policy for EDAM congestion revenue allocation should provide clarity on the following issues:

¹³ Cross-examination testimony of John Tsoukalis before the Public Utilities Commission of Nevada, Docket No. 25-10025 (March 10, 2026) hearing transcript at Page 212, Lines 24-25; and at Page 213, Lines 12-16. Available at: [https://puc-
onbase.nv.gov/api/Document/AftG7v13zuxg0ILAR2zjSsRs1rs5CiyqqGdsjLD8iMZIleGnnoiR5yms9mDWR
8b2qw9wyhldsv3S2PBml7X2dGU%3D/?OverlayMode=View](https://puc-
onbase.nv.gov/api/Document/AftG7v13zuxg0ILAR2zjSsRs1rs5CiyqqGdsjLD8iMZIleGnnoiR5yms9mDWR
8b2qw9wyhldsv3S2PBml7X2dGU%3D/?OverlayMode=View)

- Will protection from EDAM congestion charges be provided as a result of *holding* eligible firm OATT service, or only as a result of *using* it?
- If the latter, will protection be provided only for self-schedules (as today) or also for awards from economic bids?
- Will protection apply to all durations of firm OATT service, or only for monthly or longer-term service?
- Will protection apply based on the eligible firm OATT service held as of a certain date (e.g., at the start of a balancing area's EDAM participation), or will it be continually updated and based on the eligible firm OATT rights held in each particular period (season, month, year ... etc.)?

In Powerex's view, EDAM congestion revenue should be allocated in a manner that most closely upholds transmission providers' longstanding authority to sell firm transmission service up to the approved path ratings for their system, with the use of such service protected from any assignment of costs for parallel flows on other systems. More specifically, Powerex believes that EDAM congestion revenues should be allocated back to the balancing area where those congestion charges were incurred in the case of charges associated with monthly or longer firm OATT rights held for the applicable month. The allocation of EDAM congestion revenue should not be tied to the submission of self-schedules or cleared economic offers, but should instead be based on the holding of eligible firm OATT rights.

Powerex's proposed policy would not impose additional congestion costs on the California ISO or its customers, since it does not currently collect congestion charges on parallel flows created by the use of other transmission providers' systems. Powerex proposes merely to uphold the longstanding allocation of rights and obligations regarding the cost of parallel flow. Just as PacifiCorp, NV Energy and other western transmission providers have funded the buildout of their systems to accommodate their own flows and parallel flows created by the California ISO, so, too, should the California ISO fund the buildout of its system to accommodate its own flows along with parallel flows created by other EDAM Entities.

If EDAM congestion revenues are not allocated in this manner, it would effectively mean that, as a condition of joining EDAM, EIM Entities must agree to a large wealth transfer from their transmission customers and retail ratepayers to the California ISO's customers and ratepayers. This is not only highly inequitable, but would undermine the case for entities to join EDAM, and would also weaken incentives for EDAM Entities and the California ISO to pursue transmission upgrades that relieve congestion, including congestion associated with parallel flow.